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ABSTRACT

Data collected in Austin, Texas (Travis County) indicate that private day care centers operate at less than full capacity and that the most difficult problems of many day care providers are financial--parents' inability to pay the cost of care. Data further indicate that a large percentage of Austin families have incomes below $15,000 and that Title XX funds serve only 8% of eligible families. In order to advance the concept of cost sharing for child care, a voucher payment system designed to help low and moderate income parents was proposed by the Child Care Subcommittee of the Social Policy Advisory Committee (SPAC). Members discussed the possibility of jointly funding the administration of a voucher system provided that the private sector fund the voucher subsidy. Continuing efforts are being made by the SPAC Child Care Subcommittee to solicit support for a voucher payment system from the business community. Feasibility studies and a 6-month demonstration of the voucher payment system for child care are being conducted. (Materials related to the Comprehensive Employment and Training Act demonstration of the voucher system and other related materials are appended.) (Author/RH)

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By: Linda Rodriguez
for the Texas Family Institute
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Local Government Support of a Childcare Voucher System -- Austin/Travis County, Texas

A variety of sources document that working parents of young children have a need for subsidized child care. According to 1976 census data, 42.6% of the mothers in Travis County with children under 6 years of age are in the work force (43.8% in Austin). In 1978 a local study found that in Travis County approximately 18,586 young children had parents in the work force and unavailable to care for them. Only 9,549 of these children were estimated to have been served in existing formal child care slots.[1] A number of children not served in formal child care are most probably cared for by relatives or informally by neighbors in arrangements which may or may not be adequate care, i.e., by a sleeping relative who works a night shift or in an overcrowded neighbor's home. Many children may be left unattended or in the care of siblings posing great risk for the child's physical and emotional security. Statewide it is estimated that 30,900 children under six may be left to care for themselves while their parents work.[2]

Two research studies document the fact that private day care centers operate at less than full capacity. Findings from the 1978 Travis County day care questionnaire indicate that 83% of the capacity in private day care centers is used compared to 90% in the local Title XX centers.[3] The Texas Day Care Cost Study, July 1977, also found that day care centers operate at 78 percent capacity during school months.[4]

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The disparity in the number of formal child care slots compared to the estimated number of young children requiring care implies that parents are not utilizing formal day care because of the cost. (The current cost of day care ranges from $100 to $130 or more per month per child). This fact is borne out by the findings from a questionnaire administered to 112 Travis County day care providers in 1978.[5] It was reported that 36% (19 of 53) of the day care providers most difficult problem in operating the program concerned financial problems and parents' inability to pay the cost. Problems included "continuing a quality program and keeping cost to parents reasonable", "lack of enough children enrolled to provide income", "not having enough children whose parents are able to pay the fees", and "having enough children enrolled to pay the bill". Additional problems such as "finding good help", "space", "substitutes for ill staff", and "trained employees leave" also stem from programs having insufficient financial resources (the ability of parents to pay high enough fees) bringing the percent of financial problems to 57% of the total (30 of 53 problems) which day care providers consider to be their more difficult.

A large percentage of Austin families have incomes below $15,000 -- 42.1% according to the 1979 Austin Human Services Needs Assessment Survey[6] -- which makes paying for child care difficult. The less parents earn the more they pay, proportionately, for the child care that allows them to work. For instance, in 1979 families in the

$6,200 yearly income category paid 33% of their income to child care compared to 4.0% paid by a household earning $30,000+ per year.[7]

Some families have an acute need for assistance with child care payments such as single parents with infants and/or more than one child needing care. Their cost for child care will be high yet only one household income will be available to meet the cost. Female headed households tend to have lower incomes than two-parent families yet these households are the most likely to require child care. The intersection of most need would, for course, be the low-income, female headed household with an infant and other young children requiring care. In 1978, Travis County was estimated to have 25,538 female headed households.[8]

Although there are federal subsidies for child care provided through Title XX, funds are in limited supply and serve approximately 8% of the eligible families. Waiting lists are long -- sometimes as extensive as the number of children in care--as documented in a services needs study completed in 1978.[9] This is documented also by Austin Families, Inc., through the operation of its resource and referral program -- the Child-care Switchboard. While able to help many families locate appropriate and affordable child care, the Switchboard staff have encountered the frustration of family situations for which no resources currently exist in the community. These families are generally low-income and cannot obtain free or low-cost child care through Title XX programs. The barriers include: long waiting lists, funding cutbacks that reduce or temporarily eliminate programs, unavailability of Title XX programs for parents who work unusual hours or live in underserved areas, and eligibility

restrictions which leave many families unable to afford the child care fees of the private sector but not poor enough to qualify for publicly sponsored child care.

The pattern and trends described above are expected to continue as more mothers with children under six join the work force. Inflation and economic trends indicate an intensification of economic necessity for women to work rather than the reverse in the foreseeable future.

The problems of unavailable child care also affects employers as well as parents in an adverse way. Parents who are unable to attend work regularly and are distracted by child care problems may lessen their chance to become and remain self-sufficient. Likewise, employers are faced with increased job turnover, absenteeism, and increased training costs. In a 1978 survey of 58 employers who sponsor child care, 57% reported improved employee work attitudes, and 88% reported child care benefits attracted new employees.[10]

The information summarized above is the type of information produced by a policy research project and presented to elected officials in Austin/Travis County as background information on the child care service area. The process of how the voucher system evolved follows.

The City of Austin has been actively engaged in funding and coordination of human services and has instituted an ongoing planning process through a Social Policy Advisory Committee (SPAC) in cooperation with other local entities involved also in the support of human services. SPAC has received and reviewed the reports of a Day Care and Early Childhood Development Policy Research Project funded by the Texas Department of Community Affairs (TDCA) 8-1-78 through 8-31-79. This policy project was conducted by the City of Austin for SPAC and has served as the basis for efforts by SPAC in addressing the community problem--the need low and moderate income parents have for access to quality, affordable child care.

A Child Care Sub-Committee was appointed in October, 1979 by SPAC Chairman Ron Mullen to review the Child Care Policy reports, and to recommend appropriate SPAC action. The committee members were County Commissioner Ann Richards, (Chairperson), AISD Board Member Nan Clayton, City Councilman Ron Mullen and United Way Board Member William Harrison. The Sub-Committee drafted a Child Care Policy Statement which was subsequently approved by SPAC and the four SPAC entities (See Attachment). The policy affirms a commitment to increasing the provision of quality child care services to children of working parents and to making the provision of affordable child care a partnership of the public sector, the employer, the service provider and the family. In order to advance the concept of cost sharing for child care a voucher payment system was proposed by the sub-committee and a brochure describing the system was printed. Essentially, SPAC members discussed the possibility of jointly funding the administration of a voucher system provided that the private sector fund the voucher subsidy.

Continuing efforts are being made by the SPAC Child Care Sub-Committee to solicit support for a voucher payment system from the business community. These activities

include personal contacts to businesses by SPAC members and staff to explain the voucher system. More recently, a group meeting was hosted by the Chamber of Commerce who invited 85 employers to familiarize them with child care vouchers. A follow-up meeting at the Chamber of Commerce took place on January 14, 1981.

Eleven employers attended the second meeting, of which six had attended the initial meeting, bringing the total to fifteen different employers who attended at least once. The groundwork was laid for following up with more specific information on a one-to-one basis at the particular place of business. An advisory committee was suggested to identify components of a feasibility study and two employers volunteered to serve on it. Also, two employers indicated that they would be willing to have a questionnaire administered as part of a feasibility study.

An outcome of these meetings was an invitation by the Austin Personnel Association to explain the Voucher Payment System at their regular meeting on January 16, 1981. Over fifty members attended to hear Councilman Ron Mullen talk about the SPAC's involvement with the voucher concept. The voucher brochure and pamphlet "Tax Incentives for Employer Sponsored Day Care Programs" was distributed.

These personal contacts and meetings are seen as the beginning of a process to explain the voucher payment system and its benefits. Much more work will be required to assess the applicability to individual businesses and to assist them in accounting for the subsidy payments in employer tax provisions. Since the employer-subsidized care for employees is new in general, it is expected that extensive publicity and peer-support will be necessary to persuade an employer to begin to commit funds for child care on behalf of his employees.

Currently, TDCA has funded two part-time persons to conduct feasibility studies with 3 - 4 employers to assess the number of employees who may use the child care voucher system and what it may cost. A number of Employer Voucher Options have been developed for sharing the cost of child care with employees. (See attached options).

Austin Families, Inc., directed by Terry Gilius, is conducting the feasibility studies and a 6 month CETA demonstration of the voucher payment system for child care. The paperwork being used with the CETA voucher is attached and is similar to the type of paper process which the employer subsidized voucher system will use.

FOOTNOTES

[1]"City-County Demographic Data, Report II," Day Care and Early Childhood Development Policy Research Project funded by TDCA, 1979.

[2]1973 Texas Household Survey of Families with Children under Six, projections on 1978 population data, as presented in "Still the Darker Side of Childhood," Early Childhood Development Division, TDCA, 1978.

[3]"Day Care Questionnaire," Report III, funded by TDCA, 1979.

[4]Jerry Southard, Texas Day Care Cost Study, Texas Department of Human Resources, July 1977.

[5]The Day Care and Early Childhood Development Questionnaire administered 11-78 as reported on in "Inventory of Children's Services, Report III," Day Care and Early Childhood Policy Research Project funded by TDCA, 1979.

[6]"Survey Frequency Tabulations and Descriptive Statistics, Report I," 1979 Austin Human Services Needs Assessment Survey, Human Services Department, City of Austin, October 20, 1980.

[7]"Realities of Texas Families: Where Children Fit," Executive Summary of the Texas household survey of families with children under six, Children and Youth Services, TDCA, 1979, p.11.

[8]Family and Child Statistics Information System, Children and Youth Services, TDCA, 1978, p.4, citing Texas Department of Human Resources, Planning Data Division, "LAR Needs Assessment Data -- Day Care,", 1975 (unpublished).

[9]"Services Needs, Report IV," Day Care and Early Childhood Development Policy Research Project funded by TDCA, 1979.

[10]K.S. Perry, Survey and Analysis of Employer-Sponsored Day Care in the United States, Doctoral Dissertation, University of Wisconsin-Milwaukee, 1978.

Adopted 9-22-80
Austin Independent School District

Adopted 2-28-80
Travis County Commissioners Court

Adopted 9-18-80
Capital Area United Way*

Adopted 4-3-80
Austin City Council

CHILD CARE POLICY STATEMENT

WHEREAS, we have agreed to be mutually guided by the standards of the Social Policy, to work together toward the solution of human problems; and

WHEREAS, we believe a major impact upon human problems may be occasioned by improving the economic condition of our lower-income residents, thus affording them the ability to deal independently with deleterious conditions resulting from financial inability; and

WHEREAS, we believe it most appropriate to accomplish the preceding by encouraging the equal opportunity to earn an income for all our residents; and

WHEREAS, child care is a major human service for which the fundamental justification is economic, in that its availability may permit the parent to work who would otherwise be unable to do so, thus resulting in an increase in individual income and productivity, in the labor force, and in the economic growth of the community; and

WHEREAS, a number of children are left at home unattended because of the working parent's inability to pay for child care posing great risk for the child's physical and emotional security;

NOW THEREFORE, be it resolved that we mutually agree to actively pursue an increased local capacity for the placement of children of working parents in quality child care facilities and that we will work to make the provision of such care a partnership of the public sector, the employer, the service provider, and the family.

* Last statement of final paragraph deleted.

EMPLOYER VOUCHER OPTIONS

Goal: To encourage stable child care arrangements by assisting with the cost. thereby reducing absenteeism, high turnover and training costs.

OPTION I

Employer pays a certain percent of child care based on employee gross annual income (cost of care averages $130 for one child, $240 for two children).

	Parent Income		Employer Percent
a)	$7,000 - 11,500		60% paid by employer
	one child	$52. month	$78. month
	two children	$96. month	$144. month
b)	$11,501 - 15,000		50% paid by employer
	one child	$65. month	$65. month
	two children	$120. month	$ 120. month
c)	$16,000 - 19,500		40% paid by employer
	one child	$78. month	$52. month
	two children	$144. month	$96. month
d)	$19,501 - 23,000+		30% paid by employer
	one child	$91. month	$39. month
	two children	$168. month	$72. month

OPTION 2

Employer pays 50% (40% or 60%) of child care for one or two children regardless of employee income.

OPTION 3

Employer pays a set amount each month based on employee gross annual income.

	Parent Income		Employer Amount
a)	$7,000 - 11,500		
	one child	$50. month	$80. month
	two children	$95. month	$145. month
b)	$11,501 - 15,000		
	one child	$65. month	$65. month
	two children	$120. month	$120. month
c)	$16,000 - 19,500		
	one child	$80. month	$50. month
	two children	$145. month	$95. month

d) $19,501 - 23,000+

one child	$90. month	$40. month
two children	$170. month	$70. month

OPTION 4

Employer pays a set amount each month regardless of employee income -- $50. for one child, $80. for two, or $65. for one child, $120 for two, etc.

OPTION 5

Employer pays a set amount each month regardless of employee income or number of children -- $40. month or $60. month or $80. month.

CETA Demonstration

CHILDCARE VOUCHER

This voucher certifies that _____
(name of parent)

is an enrollee of the Austin Women's Center, SER Jobs for Progress, or Austin Area Urban League training program and is eligible to participate in the child-care voucher program. The child(ren) of this enrollee to receive care through the program are:

_____ name	_____ date of birth
_____ name	_____ date of birth
_____ name	_____ date of birth

The parent will initially pay _____ per week for their portion of the childcare cost. The exact amount of the parent's weekly fee will change as their income increases or decreases. CETA funds will pay the difference between this amount and the established weekly rate of the provider according to the "Provisions for Limited Child Care Agreement".

_____ CETA Subcontractor Authorized Signature	_____ Date
_____ Title	

CETA CHILDCARE VOUCHER

DEMONSTRATION PROJECT

Parent Agreement for Child Care Payment

By signing this agreement I am agreeing to participate in the child care voucher system sponsored by Austin Women's Center, SER-JOBS for Progress, or Austin Area Urban League. I understand that I am responsible for paying my portion of the child care fee to the child care provider on time, according to the agreed upon policy of the provider. The amount I will pay will be _____ per week for _____ child-(ren), (see next page for how this fee was calculated). The exact amount of the weekly fee is subject to change as my income decreases or increases. SER, as the agent for all participating subcontractors, will pay the difference between my fee and the established rate of the child care provider for each week of child care rendered. SER will pay this portion during the time of CETA enrollment and for three months after completion of the CETA training program as long as I continue employment with a CETA participating employer. SER's portion of the fee will be paid for the days the child is enrolled during the period of the agreement including the provider's regularly scheduled holidays and the days the child is present or absent up to two consecutive absences. For payment of three to five consecutive absences the parent must write an excuse documenting the reason for absence. This written excuse should be attached to the appropriate Attendance Record form when it is submitted. For payment of six to ten consecutive absences, medical documentation must be attached to the Attendance Record form when it is submitted. Failure of the parent to provide written documentation will result in the parent's liability for full payment of those days.

_____
Signature of Participant

Parent Statement of Responsibility for
Quality of Care

I _____ release SER from responsibility for the quality of child care services my child receives from the facility of my choosing and assume the responsibility for care myself. I understand that SER and Austin Families, Inc. only certifies that the facility is licensed or registered. I agree to report any complaints I have about the quality of care my child is receiving to DHR licensing division. I understand that if I am displeased with the child care for any reason I may contact Austin Families, Inc. for additional referrals and make arrangements through them to transfer my child/children to other care. I fully understand and agree that SER is not responsible for the conduct and acts of the child care facility, its servants, agents, employees, visitors, and representatives. I herein release SER from any liability for any act of commission or omission on the part of the child care facility, its agents, servants, employees, visitors and representatives. I further agree to indemnify and hold harmless SER, its officers, agents and employees from any and all claims or losses of any kind or description arising by reason of accidents, injuries, or damages to person(s) or property, caused by or resulting from any act(s) or omission(s) on my part or on the part of my child(ren).

_____
Signature of Participant

Parent Agreement for Child Care Payment (cont.)

Evaluation Consent

I understand that I am participating in a demonstration project which will require my cooperation to evaluate the results. My name will not be used at any time as strict confidentiality will be maintained. I may be contacted to answer questions for up to 6 months after the child care supportive service ends.

_____
Signature of Participant

Parent's Weekly fee for Child Care

Weekly income = $_____

Monthly income = $_____
(weekly income X 4 1/3 weeks)

Parent's Weekly Fee for 1 Child = $_____
(2% of monthly income)

Parent's Weekly Fee for 2 or more Children = $_____
(2.5% of monthly income)

ATTENDANCE RECORD FOR CETA CHILDCARE

VOUCHER PARTICIPANTS

CENTER: _____

ADDRESS: _____

_____

PHONE: _____

WEEK OF: _____ TO: _____

PREPARED BY: _____
signature

_____
name, printed

_____
title

NAME OF CHILD	DOB	M	T	W	TH	F	TOTAL COST FOR WEEK	PARENT'S PORTION OF THIS WEEK'S COST	AMOUNT PARENT PAID	PORTION OF WEEKLY COST TO BE PAID BY SER—
					TOTALS					

X Child was present
A Child was absent that day, but enrolled (attach parent note for 3-5 consecutive absences, medical note for 6-10 consecutive absences)

H Closed because of holiday

N Child was not enrolled at this time

SPAC

Social Policy Advisory Committee

The Social Policy Advisory Committee (SPAC) is a deliberative body composed of members of the major local funding sources for Human Services Programs. Specifically, it is a twelve-member committee made up of three members each of the Travis County Commissioners Court, the Austin City Council, the Capital Area United Way Board of Directors, and the Austin Independent School District Board of Trustees.

The SPAC originated from a common desire to understand the mutual relationships between its members as service providers and funding sources. Its objective is to assess information concerning local human service needs and recommend policies to its member bodies which will improve service delivery. No mechanism existed for the mutual exploration of human service funding and was dependent on individuals representing a funding body interested in one program or aspect of service delivery. The need to examine the broad spectrum of all human service delivery was imperative for a balanced delivery system.

In 1975, SPAC developed with Federal HEW "Capacity Building" grant support to provide staff services subcontracted from the Texas Municipal League. It has continued with local staff support based on the first year's success. The SPAC now provides the sole local forum for public and private service providers to discuss mutual concerns about policy, service efficiency and effectiveness, and funding. The existence of SPAC offers an opportunity for innovative programs and previously unfunded services to be examined by all the funding bodies. The SPAC is an excellent vehicle to establish task forces made up of representatives of the funding bodies and private citizens to report the need and feasibility of funding new programs.

The function of providing a forum is of great benefit: The SPAC has bridged a number of gaps between its members by providing significantly improved opportunities for communication. Prior to its formation, elected officials and private sector human services supporters rarely discussed mutual interests. Since the advent of SPAC, we now have a formal process with several methods to channel information and concerns. Communication has also improved to a great degree between the SPAC representatives in areas of mutual concern other than human services.

The existence of SPAC offers a potential for inter-governmental and private sector collaboration in pursuit of mutually beneficial activities such as affecting state legislative action, state agency policy making as well as regional Council of Governments

and federal action. The funding bodies speaking as a single voice creates a greater impact than individual action. The SPAC also utilizes and involves other community groups such as the Chamber of Commerce to pursue goals beneficial to the community as a whole.

The attached list of accomplishments outlines the milestones of the SPAC effort to achieve its primary objective. Beyond these efforts, it is notable for being the only body of its kind in Texas and the longest-tenured similar group in the United States.

TRAVIS COUNTY - AUSTIN SOCIAL POLICY ADVISORY COMMITTEE (SPAC)

ACCOMPLISHMENTS

1. Single Application and Review Procedure: Formerly agencies applying for City, County, and United Way funds applied separately and at different times. They now use a common application kit and apply once. A joint staff team--the Human Services Review Team--reviews all applications and makes a recommendation to the SPAC and each of its members.

2. Private Sector Agencies Formed A Common Association: As a result of the formation of SPAC, private sector human services providers formed the Austin Area Human Services Association to review their common interests. The Association works with SPAC and its members' staffs to consult about policy developments. Representatives of the Human Services Association serve as ad hoc members of SPAC.

3. Formation of a Single Information and Referral System: The SPAC members jointly have committed to fund the HOTLINE, a telephone information and referral and crisis intervention program. The program is one of those operated by the local community mental health center. The HOTLINE completed the consolidation of several, disparate I&R programs, operated by different agencies and requiring separate funding (see attached brochure).

4. Development of a Child Care Voucher System: SPAC has endorsed the concept of supporting a child care voucher system to provide care for children of working parents. The object is to provide incentives for private business to assist employees. The system is now operating as a pilot with CETA funds administered by a local community-based organization (see attached brochure).

5. Development of Ongoing Policy Research: The SPAC has commissioned task forces to review several local areas of policy regarding human services. In addition to a Child Care Task Force, we have task forces operating to recommend policies concerning Aging programs and programs relating to Indo-Chinese Refugees.